

California Performance Review Commission
Public Hearing on Infrastructure
Transportation Panel

Testimony
For
Gary L. Gallegos

August 13, 2004

Commissioners, thank you for the opportunity to participate in this very important effort. The California Performance Review Team should be commended for their broad review and recommendations to reform government programs and operations. While they covered some 38 areas of Infrastructure, given our short time the focus of my testimony will be in the area of revenues for Transportation.

In San Diego, like many other Regions across the state, we are at a crossroads. Our Region continues to grow, our economy is strong, but our infrastructure is not keeping pace. Ask San Diegans what are their major concerns are and most will say growth and traffic congestion! With a population of just under 3 million today, the San Diego Region is projected to grow to 4 million within the next 20 years. As we look back several decades, our transportation investments have not kept pace with our growth (see Attachment A). In the early 1980's, the San Diego Region was investing about \$120 million per year in transportation infrastructure. By the mid 1980's, we had seen that investment fall to just over \$60 million per year and in the 1990's we saw it fall to just over \$20 million. During this same time period we saw population increase by some 60%, employment increase by 96%, and vehicle miles traveled increase by 128% (see Attachment B). Obviously, growing demands coupled with decreasing revenues is not a model for success (see attachment C)!

The root of the problem is how we pay for transportation. While the gas tax has been the major source of funding for transportation, this per gallon tax cannot keep pace with the demand. Additionally, we can not keep robbing Peter to pay Paul - limited transportation revenues continue to be used for other purposes. These issues are well documented in the California Performance Review report and we concur that without revenue sources tied to actual system usage, revenues will never be sufficient to meet the demands for improving our transportation system. At the very least, we should be looking at indexing the gas tax to keep its buying power constant.

As we look at revenues for transportation, we should not forget the Self-Help Counties and the local sales tax measures throughout the state. In the late 1980's with transportation revenues declining, several counties passed sales tax measures to fund transportation projects. San Diego is one of those Self-Help Counties. In 1987, the voters of San Diego County approved a one-half percent sales tax measure dedicated

to specific transportation projects in the San Diego Region over 20 years. This measure has generated over \$3 billion for additional transportation investments in the San Diego Region and today represents about half of the transportation revenues for highways (see Attachment A). With this measure set to expire in 2008, we plan to go back to the voters this November to extend the measure for another 40 years. If successful, this would generate an additional \$14 billion. This additional funding is critical to the transportation system in San Diego and when coupled with State and Federal funds can help keep an edge on traffic congestion.

We do, however, need help to extend this measure. The rules have changed since 1987 when the measure only required a simple majority vote; the extension will require a two-thirds majority of voters. This is an extremely high hurdle to get over. In the last election cycle there were five counties that tried to get similar measures passed with only Riverside County being successful. In San Diego County, voter surveys show support ranging from 69% to 73%, meaning that we are on the bubble. We are not alone in this effort, as there are over 10 counties planning similar efforts around the state. It is estimated that collectively these measures represent over \$25 billion of transportation funding over the next 20 to 40 years. The Governor's support could be critical in helping get these measures passed statewide. We therefore, respectfully request, that you put this on your radar screen and recommend the Governor support these efforts throughout the state.

Lastly, I would like to conclude by highlighting the need to protect the investment already made by Californians in the transportation system. Three-quarters of the statewide freeway system was constructed between 1960 and 1975. Many of these freeways were designed with 10- to 20-year life cycles. This means that they are in serious need of rehabilitation and repair. We must make sure maintenance and rehabilitation remains a top priority. Typically, for each \$1 we spend on preventive maintenance, we delay spending \$6 to \$20 in overlays and reconstruction (see Attachment D).

Again, thank you for the opportunity to participate in this very important effort, we look forward to a continuing partnership!